



Quarterly report

Nr 1 – 2011

## First quarter report 2011

## Highlights

- **Growth in operating revenues in 1Q to 253.4 MNOK versus 158.0 MNOK last year – up 60%.**
- **The EBITDA in 1Q was 22.8 MNOK compared to 0.5 MNOK last year. EBIT of 15,0 MNOK versus minus 7,0 MNOK in 1Q 2010**
- **The order backlog at the end of 1Q was 279 MNOK versus 267 MNOK at the end of 1Q last year**
- **Continued focus on cost, improving project management and customer service**
- **Focus on repositioning and long term development of AKVA as leading technology partner**
- **BoD propose rights issue to strengthen balance sheet, to gain momentum in development and positioning of AKVA for the future**

In the comments below on the financial accounts, the 2010 figures are presented in parentheses following the 2011 stated values when included. AKVA group is organized into three business segments; Hardware (HW): Includes cages, barges, feed systems and other technology to operate fish farms, Recirculation (RAS): Includes the delivery of land based farms based on recirculation technology, Software (SW): includes software solutions and professional services related to this.

### Operations and profit

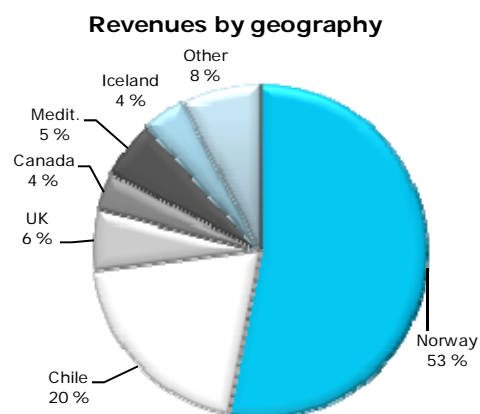
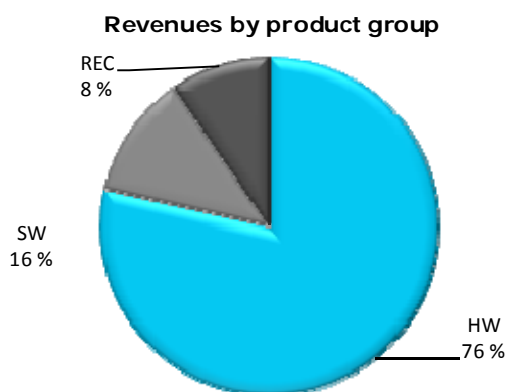
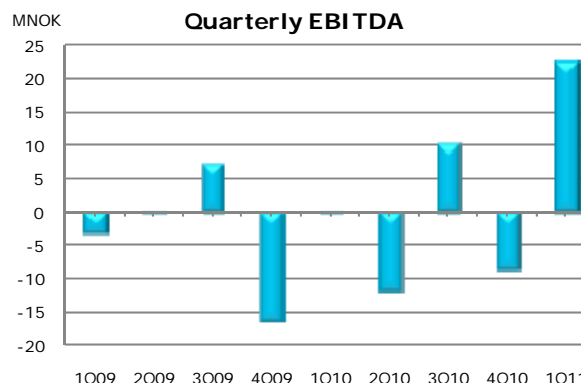
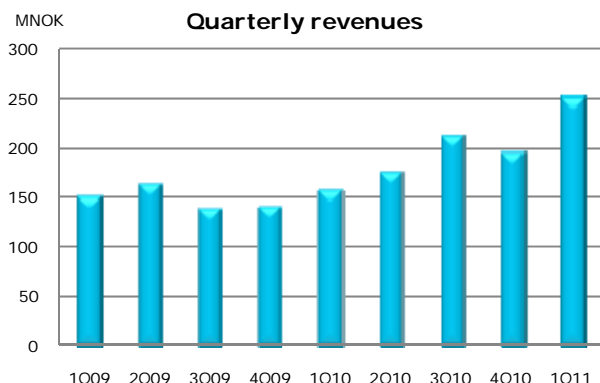
Operating revenues in 1Q were 253.4 MNOK (158.0) with an EBITDA of 22.8 MNOK (0.5). The improvement is mainly related to higher volume. Depreciations and amortisations were 7.8 MNOK (7.5) resulting in an EBIT of 15.0 MNOK (-7.0).

Net financial cost in 1Q was 3.3 MNOK (2.2). The increase is mainly related to higher interest costs due to higher net interest bearing debt. Profit before tax was 11.2 MNOK which is an improvement of 20.9 MNOK from 1Q last year. Net profit was 10.1 MNOK (-5.3) after allowing for taxes of 1.7 MNOK (-3.8).

### Hardware (HW)

HW had revenues in 1Q of 199.1 (117.9), which is 69% up from last year. The increase is mainly related to Norway, Chile and Export markets. EBITDA was 18.4 MNOK (2.6), resulting in an EBITDA margin of 9.2% (2.2)

1Q was marked by high delivery activity in Norway and Chile in particular but in general good activity in all major markets. Operationally there has been a strong focus on improving and strengthening the delivery organisation which is gradually improving.



### Software (SW)

Operating revenue for SW in 1Q was 30.1 MNOK (25.9). The increase is related to higher revenues in Norway and Iceland. The EBITDA was in 1Q 4.8 MNOK (2.5) resulting in an EBITDA of 15.9% (9.5%).

In Norway the market for professional services has developed well. The activity on Iceland is exposed to the general economic situation in Iceland but has developed fairly well in particular for up-grade contracts.

### Recirculation (RAS)

RAS had operating revenues in 1Q of 24.2 MNOK (14.2). The increase is related to higher delivery activity in 1Q than the year before. EBITDA was -0.3 MNOK (-4.5).

The main revenue flow in 1Q was related to several smaller sized projects. Operations are improving both in terms of engineering and project management, which will continue to be a strong focus. In the market there is a growing interest in recirculation technology for production of smolt. Several of the major salmon companies have indicated plans to invest in such facilities.

### Balance sheet and cash flow

The working capital in the group balance sheet, defined as non-interest bearing current assets less non-interest bearing current liabilities was 110.2 MNOK, up from 102.3 MNOK from the beginning of the year. The group has a continued focus on containing the working capital.

Net interest-bearing debt amounted to 164.2 MNOK at the end of 1Q versus 133.9 MNOK last year. Gross interest bearing debt amounted to 192.3 MNOK versus 177.4 MNOK last year. Cash and unused credit facilities amounted to 56.3 MNOK. Total assets and total equity amounted to 703.4 MNOK and 231.3 MNOK respectively, resulting in an equity ratio of 32.9%.

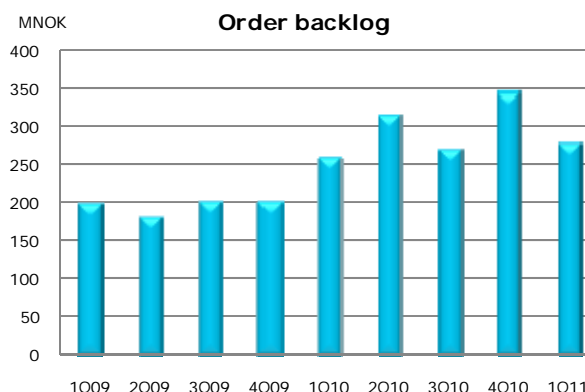
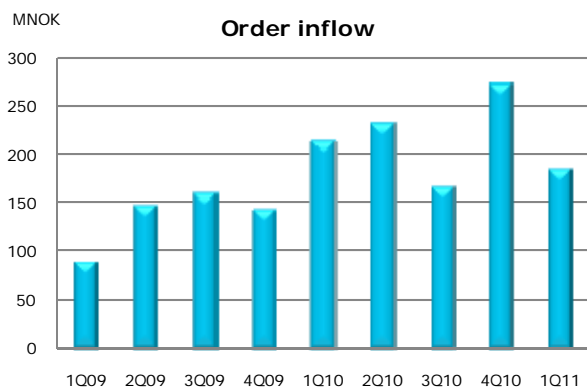
Investments in 1Q amounted to 4.8 MNOK of which 2.6 MNOK is capitalized R&D expenses in accordance with IFRS.

A waiver extending through 2Q 2011 relating to the financial covenants of the major credit facilities and loans was agreed with the company's main bank in 4Q.

### Shareholder issues

Earnings per share for 1Q 2011 were 0.59 NOK (-0.31). The calculation is based on 17.222.869 shares average.

Trond Williksen assumed the position as CEO of AKVA group ASA on the 1<sup>st</sup> of March.



### Market and future outlook

Market fundamentals in the salmon industry are good in Norway and other major salmon producing regions. In Chile in particular there has been a significant increase in the activity for AKVA group where revenues in 1Q2011 were almost 5 times the revenues in 1Q last year. Other markets have gradually become increasingly important for AKVA group.

The order backlog at the end of 1Q was 279 MNOK (267). The order inflow 1Q was 185 MNOK (216).

The measures implemented last year to control costs, improve operations, project management and logistics continues. Focus is on long term development of the group as a technology partner to the aquaculture industry, which implies a need to invest in our own core product portfolio and business areas in order to meet market requirements and improve customer satisfaction.

In order to strengthen the balance sheet, and thereby to gain momentum in the development and positioning of AKVA for the future, the board of directors propose to carry out a rights issue in June with expected gross proceeds of about MNOK 95. The rights issue of up to 8,611,434 new shares is fully underwritten by a consortium of shareholders at an issue price of NOK 11.00 per share. The subscription rights will be tradable on Oslo Stock Exchange in the subscription period. The board of directors will ask the shareholder meeting to be held on 19 May 2011 to grant the board the necessary powers to execute the rights issue.

Oslo, 26 April - 2011  
Board of Directors, AKVA group ASA



Amund Skarholt  
Chairperson



Anne Breiby  
Deputy Chairperson



Frode Teigen



Thorhild Widvey




Thore Michalsen



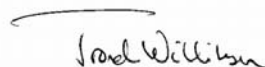
Tore Obrestad



Steinar Mykløy



Kjell Arne Corneliusen



Trond Williksen  
CEO

## Main figures from financial accounts

<b>INCOME STATEMENT</b>		2011	2010	2010
(NOK 1000)		1Q	1Q	Total
<b>OPERATING REVENUES</b>		<b>253 376</b>	<b>158 023</b>	<b>742 521</b>
Operating costs excluding depreciations		230 538	157 503	752 436
<b>OPERATING PROFIT BEFORE DEPRECIATIONS (EBITDA)</b>		<b>22 838</b>	<b>520</b>	<b>-9 915</b>
Depreciation		7 794	7 510	31 029
<b>OPERATING PROFIT (EBIT)</b>		<b>15 044</b>	<b>-6 990</b>	<b>-40 944</b>
Net interest expense		-3 120	-2 360	-11 983
Other financial items		-147	187	2 037
Net financial items		-3 267	-2 173	-9 946
<b>PROFIT BEFORE TAX</b>		<b>11 777</b>	<b>-9 162</b>	<b>-50 890</b>
Taxes		1 697	-3 843	-13 254
<b>NET PROFIT</b>		<b>10 080</b>	<b>-5 320</b>	<b>-37 637</b>
Earnings per share		0,59	-0,31	-2,19
Average number of shares outstanding (in 1 000)		17 223	17 223	17 223

<b>BALANCE SHEET</b>		2011	2010	2010
(NOK 1000)		31.3.	31.3.	31.12.
Intangible fixed assets		210 871	216 085	215 946
Fixed assets		38 472	38 034	41 607
Long-term financial assets		37 739	29 997	39 418
<b>FIXED ASSETS</b>		<b>287 082</b>	<b>284 116</b>	<b>296 971</b>
Stock		171 214	133 312	157 677
Trade receivables		221 437	152 390	177 796
Other receivables		-4 448	27 635	19 601
Cash and cash equivalents		28 138	43 571	43 159
<b>CURRENT ASSETS</b>		<b>416 341</b>	<b>356 908</b>	<b>398 234</b>
<b>TOTAL ASSETS</b>		<b>703 423</b>	<b>641 024</b>	<b>695 205</b>
Paid in capital		267 087	267 087	267 087
Retained equity		-35 739	-16 651	-39 526
<b>TOTAL EQUITY</b>		<b>231 348</b>	<b>250 436</b>	<b>227 561</b>
Other long term debt		1 726	5 470	2 418
Long-term interest bearing debt		128 269	150 714	134 463
<b>LONG-TERM DEBT</b>		<b>129 994</b>	<b>156 184</b>	<b>136 882</b>
Short-term interest bearing debt		64 075	26 710	77 268
Other current liabilities		278 006	207 695	253 495
<b>SHORT-TERM DEBT</b>		<b>342 081</b>	<b>234 405</b>	<b>330 762</b>
<b>TOTAL EQUITY AND DEBT</b>		<b>703 423</b>	<b>641 024</b>	<b>695 205</b>

<b>CHANGES IN EQUITY</b>		2011	2010	2010
(NOK 1000)		1Q	1Q	Total
Book equity at the beginning of the period		227 561	256 640	256 640
The period's net profit		10 080	-5 320	-37 637
Gains/(losses) on cash flow hedges (fair value)		1 587	-1 535	-558
Change in pension liability recorded against equity		-	-	47
Recording of option agreement		-	0	162
Translation differences		-7 879	651	8 906
Book equity at the end of the period		231 348	250 436	227 561

<b>CASH FLOW STATEMENT</b>		2011	2010	2010
(NOK 1000)		1Q	1Q	Total
Net cash flow from operational activities		9 642	11 760	-793
Net cash flow from investment activities		-4 772	-4 194	-23 175
Net cash flow from financial activities		-19 891	-22 156	8 966
Net cash flow		-15 021	-14 590	-15 002
Cash and cash equivalents at the beginning of the period		43 159	58 161	58 161
Cash and cash equivalents at the end of the period		28 138	43 571	43 159

BUSINESS SEGMENTS (NOK 1000)	2011 1Q	2010 1Q	2010 Total
<b>HARDWARE</b>			
OPERATING REVENUES	199 061	117 936	574 480
Operating costs excluding depreciations	180 700	115 357	557 631
<b>OPERATING PROFIT BEFORE DEPRECIATIONS (EBITDA)</b>	18 361	2 579	16 849
Depreciation	5 711	4 644	19 723
<b>OPERATING PROFIT (EBIT)</b>	12 650	-2 065	-2 874
<b>SOFTWARE</b>			
OPERATING REVENUES	30 146	25 919	106 075
Operating costs excluding depreciations	25 339	23 461	97 075
<b>OPERATING PROFIT BEFORE DEPRECIATIONS (EBITDA)</b>	4 807	2 458	9 000
Depreciation	1 772	2 618	10 035
<b>OPERATING PROFIT (EBIT)</b>	3 034	-160	-1 034
<b>RAS</b>			
OPERATING REVENUES	24 168	14 168	61 966
Operating costs excluding depreciations	24 498	18 685	97 731
<b>OPERATING PROFIT BEFORE DEPRECIATIONS (EBITDA)</b>	-330	-4 517	-35 765
Depreciation	310	248	1 272
<b>OPERATING PROFIT (EBIT)</b>	-641	-4 765	-37 037

**AKVA group ASA,**  
Nordlysvn.4  
P.O. Box 271,  
N-4349 Bryne  
Norway

Tel +47 51 77 85 00.  
Fax +47 51 77 85 01.

E-mail: [info@akvagroup.com](mailto:info@akvagroup.com)  
[www.akvagroup.com](http://www.akvagroup.com)

**Other AKVA group offices:**

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AKVA group, Trondheim	Tel (+47) 73 84 28 00
AKVA group, Brønnøysund	Tel (+47) 75 00 66 00
AKVA group, Sandstad	Tel (+47) 72 44 11 00
AKVA group, Mo i Rana	Tel (+47) 75 13 95 00
AKVA group, Averøy	Tel (+47) 71 51 73 00
AKVA group, Denmark	Tel (+45) 755 13 211
AKVA group Chile, Puerto Montt.	Tel (+56) 65 250 250
AKVA group UK, Inverness.	Tel (+44) 1463 221 444
AKVA group North America, Campbell River, Canada	Tel (+1) 250 286 8802
AKVA group North America, Halifax, Canada	Tel (+1) 902 482 2663
AKVA group Turkey, Bodrum	Tel (+90) 252 374 6434

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